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Fantasy Island, Aloha-Style

An \$8.4 million investment scheme rocks Hawaii's upper crust

Ronald Rewald shuffled along the 26th-floor corridor of his former Honolulu office building one morning in early September, looking dazed and uncomfortable. No wonder. The once prominent "international investor" was manacled hand and foot and accompanied by two guards, who watched as he searched for records that bankruptcy officials might have overlooked. None could be found.

Until this summer there had been few hints of trouble in paradise. Over the past five years, Rewald, 41, had persuaded some 400 investors, many of them Hawaiian plutocrats and VIPs, to pour \$13 mil-

lion into his flimflam firm. As recently as last June, he had been a local bigwig himself, owner of the Hawaii Polo Club and hobnobber with Governor and Mrs. George Ariyoshi. But in August an Oahu grand jury indicted him for theft; claims of nearly \$8.4 million have been filed against him. Pronounced Bankruptcy Trustee Thomas Hayes: "The money is gone."

Aloha and goodbye: compared with his native Milwaukee, Honolulu must have seemed like Fantasy Island. He came in 1977 to start a new life. He promptly hooked up with Real Estate Salesman Sunlin Wong and created an investment firm grandly named Bishop, Baldwin, Rewald, Dillingham & Wong. Rewald and Wong, however, were the only unmisleading names on the company's letterhead. The others were included to convince investors that the firm was connected to Hawaii's old-line, blue-chip Bishops, Baldwins and Dillinghams, which it was not. Says one local businessman: "It was as if he arrived in Manhattan and had a firm called Rockefeller, Harriman, Cabot, Forbes & Roosevelt."

However brazen the bluff, the name-dropping worked. To prospective investors, Rewald looked guilt-edged by asso-

ciation: he bought a \$950,000 house previously owned by deposed Cambodian Strongman Lon Nol and became chummy with Jack Lord, star of the 1968-80 *Hawaii Five-O* TV series. "Investors" included Lieut. General Arnold Braswell, the Air Force's retiring Pacific commander (more than \$100,000), and John Kindschi, the former CIA chief in Honolulu (\$185,000).

In reality, B.B.R.D. & W. made few actual investments: part of a travel agency here, a piece of a car dealership there. The "business" was little more than a high-stakes chain letter that lasted two or three



Flimflam Operator Rewald in better days: entertaining Jean Ariyoshi, the Governor's wife. It was like having a firm called Rockefeller, Harriman, Cabot, Forbes & Roosevelt.

years: earlier investors were paid dividends out of funds forked over by later ones. Of \$1.3 million taken in last June, for instance, \$326,000 in "interest" was paid out to earlier investors. But that same month a quarter of a million dollars was siphoned off by Rewald. He used the money to pay for exotic travel, his children's full-time tutor, and upkeep for two Hawaiian ranches, where he stabled his 17 or more polo ponies.

When state regulators became aware in July of the firm's false claim that it was FDIC-insured, Rewald's world began to unravel. The IRS and Securities and Exchange Commission started probing Rewald's affairs early this year. State officials issued investigative subpoenas in late July after Rewald's firm published *Capital Flight from Hong Kong and How Hawaii Can Benefit*, a report so transparently amateurish that it instantly raised eyebrows in Honolulu's financial circles. A few days later Rewald checked into a Waikiki hotel and slashed his wrists. Wong is in Honolulu and is cooperating with the federal investigation. Since his hospital recovery, Rewald has been in custody and remains in Honolulu's Oahu prison in lieu of \$10 million bail.

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